



Maryland Health Benefit Exchange Billing & Collections Overview

Board of Directors Meeting

May 18, 2012

Agenda

- Overview – Billing & Collection Functions
- Summary of Massachusetts Implementation
- Evaluation of Model Options – Exchange or Issuer of QHP's

Overview - Billing & Collection Functions

- Three major sub-functions:
 - Invoicing
 - Collections
 - Enrollment & Reconciliation
- In commercial insurance, premium billing and enrollment systems are closely connected
- Highly transactional – need ability to provide detail member history

Overview - Premium Billing Functions (con't)

- System needs to configured for:
 - Initial vs. ongoing invoicing
 - Member retroactivity
 - Flexibility in premium rate quotes
 - Interface with exchange accounting system:
accounts receivable, revenue, and expenses

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Summary of MA Implementation

- For unsubsidized program (Commonwealth Choice), outsourced function to a third-party vendor
- Vendor was providing similar services to the market
- Services included call center, invoicing, collections, enrollment, termination, and member reconciliation

Summary of MA Implementation (con't)

- Technically and operationally, vendor systems were highly leveraged
 - Some degree of remediation required to vendor systems to conform to exchange business requirements
- Financial terms structured as PMPM-based
 - Initial contract scaled with higher PMPM at lower enrollment levels

Summary of MA Implementation (con't)

- Biggest takeaways:
 - Despite outsourcing, still required a high degree of management oversight
 - Required development of customized reporting and electronic data interfaces to capture & reconcile financial transactions
 - Transparency into third-party systems can be challenging
 - Necessary in order to meet external audit standards

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- Evaluation of Options – Exchange or Issuer of QHP's

Evaluation of Options

Impact to Issuers

Area Impacted	Exchange Performs	Issuer Performs
IT Development	<ul style="list-style-type: none">• Significant change to Enrollment System• Minimal change to Billing/AR System	<ul style="list-style-type: none">• Significant change to both Enrollment and Billing Systems
Customer Service	<ul style="list-style-type: none">• Will decrease number of calls to Issuers regarding Billing inquiries, especially once invoicing begins on Exchange letterhead	<ul style="list-style-type: none">• Will require some level of system integration of Issuer Billing system to Exchange Customer Service System

Evaluation of Options (con't)

Impact to Issuers (continued)

Area Impacted	Exchange Performs	Issuer Performs
Cash Management	<ul style="list-style-type: none">• Establish process for collecting enrollee share from Exchange	<ul style="list-style-type: none">• Establish process for collecting from individuals• Establish process for paying assessment to Exchange• May be significant reconciliation of Exchange assessment due to retroactivity• Need to reconcile funds collected to exchange payment

Evaluation of Options (con't)

Impact to Issuers (continued)

Area Impacted	Exchange Performs	Issuer Performs
Enrollment Reconciliation	<ul style="list-style-type: none"> Exchange is source of record for enrollment with HHS/Treasury Exchange is primarily responsible for reconciling files to be sent to Issuers 	<ul style="list-style-type: none"> Exchange is source of record for enrollment with HHS/Treasury Issuer will need to reconcile billings/enrollment before remitting monthly file to exchange
APTC Grace Period – Non payment	<ul style="list-style-type: none"> Exchange can implement notification rules on behalf of Issuers 	<ul style="list-style-type: none"> Issuers will need to ensure proper notification of non-payment status to HHS, Treasury, Exchange, and Enrollee

Evaluation of Options (con't)

Impact to Exchange		
Area Impacted	Exchange Performs	Issuer Performs
IT Development	<ul style="list-style-type: none">• Required to develop Billing system for SHOP• Marginal additional costs for NG	<ul style="list-style-type: none">• Will not need to develop IT system for Billing Platform• Will still need to create business and process flows to receive necessary information from Issuers regarding enrollment and payment status of enrollees• Will need to establish this process Issuer-by-Issuer – creates multiple reconciliation channels

Evaluation of Options (con't)

Impact to Exchange (continued)

Area Impacted	Exchange Performs	Issuer Performs
Customer Service	<ul style="list-style-type: none"> Integration of Billing and CSR should allow for higher level of customer service for billing inquiries 	<ul style="list-style-type: none"> Will require some level of integration of Issuer Billing system to Exchange Customer Service System
Cash Management	<ul style="list-style-type: none"> Required to establish Lockbox function for SHOP Marginal additional cost for NG 	<ul style="list-style-type: none"> Need to establish process for collecting Issuer assessment Could result in delay in receiving funds May be significant reconciliation of Exchange assessment due to retroactivity Need to reconcile funds collected to exchange payment

Evaluation of Options (con't)

Impact to Exchange (continued)

Area Impacted	Exchange Performs	Issuer Performs
Enrollment Reconciliation	<ul style="list-style-type: none">• Exchange is source of record for HHS/Treasury• Primary responsible for reconciling files to be sent to Issuers• Source data is centralized which should allow for more efficient and timely reconciliation	<ul style="list-style-type: none">• Exchange is source of record for HHS/Treasury• Exchange will need to reconcile process for billings/enrollment for each Issuer before remitting monthly file to HHS/Treasury
APTC Grace Period – Non payment	<ul style="list-style-type: none">• Exchange primarily responsible notification rules on behalf of Issuers (exception is notification to Providers)	<ul style="list-style-type: none">• Issuers will need to ensure proper notification of non-payment status to HHS, Treasury, Exchange, and Enrollee

Evaluation of Options (con't)

- Most significant trade-offs if Issuer performs:
 - Multiplies number of reconciliations for exchange, compounding the complexity of reporting
 - Greater intensity of management oversight
 - Creates a greater number of contracts and service level agreements to monitor
 - Reduces scale which potentially affects pricing for small group Billing & Collection function
 - Fragments a process that lends itself to centralization and uniformity

Evaluation of Options (con't)

- Most significant trade-offs if Exchange performs:
 - Increases number of cash transactions
 - Requires procurement of functionality
 - Likely increases the number of customer service inquiries – but maybe better service
 - Ongoing maintenance and updating of systems and process flows